

STATE ALLOCATION BOARD

1130 K Street, Suite 400
Sacramento, CA 95814

**IMPLEMENTATION COMMITTEE MINUTES**

July 9, 2004

East End Complex
1500 Capitol Avenue
Rooms 72.149 B & 72.151A
Sacramento, CA

Members Present

Bruce Hancock, SAB
Lori Morgan, OPSC
Fred Yeager, CDE
Dave Doomey, CASH
Beth Hamby, LAUSD
Bill Cornelison, ACS
Debra Pearson, SSDA

Dennis Dunston, CEFPI (Mid-a.m. on)
Constantine Baranoff, SSD
Dennis Bellet, DSA
Blake Johnson, DOF
Brian Wiese, AIA
John Palmer, CASBO
Gary Gibbs, CBIA

Members Absent

Jay Hansen, SBCTC

The meeting was called to order at 9:37 a.m.; there were 14 members present and 1 absent. The minutes from the June 4, 2004 meeting were approved as written.

COMMITTEE CHAIR

The Chair introduced and welcomed the Office of Public School Construction's (OPSC) new Deputy Executive Officer, Jacqueline R. Wilson. He also announced that the July 2004 State Allocation Board (SAB) meeting was moved to August 4, 2004 and will be held at the State Capital.

A request was made by Committee members to reschedule the next Committee meeting to Thursday, August 5, 2004 to accommodate travelers attending both the SAB and Implementation Committee meetings. The Chair accepted the proposal. The date and location of the next meeting will be posted on the OPSC Web site.

BIDDING CLIMATE REPORT

The Chair summarized the Bidding Climate Report (the "Report") presented at the June 24, 2004 SAB meeting. The SAB had previously requested that staff outline what could be done administratively to assist districts in dealing with the high bid climate. The Chair requested that the Committee focus its discussions on this issue by directing its attention on an action plan that would not require the implementation of a lengthy legislative process. This would better serve the districts in finding a timely means to address the situation. As such, Committee members and participants were asked to prioritize and limit the topics to be discussed. It was decided that the primary focus

of the discussion would be the first three “Considerations” listed on the Board item as follows:

1. The creation of an additional grant for technology.
2. Provide an additional eligibility category for site development costs.
3. Re-evaluating and changing the index used to base the Class B Index currently used by the SAB.

To illustrate the manner in which school districts are affected by the high bid climate, Dave Doomey provided a comparative timeline study of four schools constructed in his district within a three-year period. The schools were constructed with the same plans on similar sites in terms of acreage/typography. Over a three-year period, the costs for the project had risen from \$7.1 million to \$13.6 million. Dave indicated he would provide further project details.

With respect to the ensuing discussions regarding the factors that have contributed to the escalating bid climate, participants brought to light the following:

- The Marshall & Swift Company (MSC) cost index currently used to determine the Class B Index does not represent the costs reported by school districts. This was attributed to the fact that the MSC index did not include the profit contingency as a factor in its cost measurements.
- Although the current market has been escalating in terms of construction activity, labor and supply shortages, etc., the action taken to accommodate this escalation should be flexible enough to address a reversal of the bidding climate. It was noted that caution was in order to avoid over-reaction and to ensure well-thought out recommendations.
- In terms of determining what a grant consists of, “general site” is an area that may be in question and will be reviewed.
- Any increase to the base grant has a direct influence on Level 2 fees. Also, increases to the base grant are not in the Committee’s authority and any changes must be accomplished legislatively.
- Since a contractor’s perspective on the bidding climate was needed, Gary Gibbs from CBIA volunteered to obtain that information for our next meeting.

This item will be continued at the August Implementation Committee meeting.

DWELLING UNIT AND STUDENT YIELD FACTOR AUGMENTATIONS

OPSC staff members Eric Bakke and Heather Doherty presented this item. The information clarified Education Code Section 17071.75(a) which provides for districts to augment the five-year enrollment projection by the number of un-housed pupils that are anticipated as a result of dwelling units proposed pursuant to approved and valid tentative and final subdivision maps. Staff gave emphasis to the fact the law defines what can be counted and when to start counting dwelling units, but it does not specify when to stop reporting dwelling units. Staff discussed three possible stopping points at the meeting:

- *Permits Pulled* – School districts would stop reporting dwelling units at the point in time permits were pulled for construction.
- *Permits Pulled, plus 6 months* – School districts would have an additional six months after the permit is pulled, in which to report dwelling units.
- *Date of Occupancy* – School districts would have the ability to report dwelling units until the time the dwelling is occupied.

Each option was thoroughly discussed. Based on comments from the Committee and audience members, Staff will prepare additional options to be discussed at the next Committee meeting.

Additionally, Staff discussed the Student Yield Factor Report and proposed specific language to be added to the *School Facility Program Guidebook*. The additional language is intended to clarify the basis of a district's Student Yield Factor Report.

PURCHASE AND CONVERSION OF NON-CONFORMING BUILDINGS FOR SCHOOL USE

OPSC staff member Masha Lutsuk presented a discussion item regarding the ability to purchase and convert non-conforming buildings for school use and possible funding options within the SFP provisions. Two possible options for increasing the current grant amounts were presented at the meeting. The first option involves the creation of a supplemental grant and the second option involves an increase in the site acquisition grant beyond the land value of the site. Both options include an analysis of cost savings over traditional demolition and rebuilding projects. Staff and the Committee looked favorably on the second option as it allowed for certain portions of the building costs to be included in the site acquisition grant. The audience expressed concern with districts' ability to obtain an accurate cost estimate for retrofit work. Other concerns include the applicability of the 60 percent commensurate test to retrofit projects, as well as the issue of determining the number of pupil grants a district can request to fund existing buildings.

This item will be continued at the August Implementation Committee meeting. The OPSC requested districts' project examples to incorporate into the discussion at the next meeting.

ADJOURNMENT AND NEXT MEETING

The meeting adjourned at 3:30 p.m. The next Implementation Committee meeting is scheduled for Thursday, August 5, 2004 at **10:00 a.m.** and will be held at the Legislative Office Building, 1020 N Street, Room 100, Sacramento.